

The Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **iShares II Public Limited Company**

*(An umbrella investment company with variable capital and having segregated liability between its Funds incorporated with limited liability in Ireland under registration number 317171 and authorised by the Central Bank pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended)*

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## **SECOND ADDENDUM**

**Dated 30 September 2016**

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**This addendum (the "Addendum") forms part of, and should be read in the context of, and together with, the prospectus of the Company dated 8 June 2016 (the "Prospectus"), and any Supplements and addenda to the Prospectus. Distribution of this document is not authorised unless it is accompanied by a copy of the latest annual report and audited financial statements and, if published thereafter, the latest unaudited semi-annual report and unaudited financial statements. Such reports will form part of the Prospectus.**

If you are in any doubt about the action to be taken or the contents of this Addendum please consult your stockbroker, bank manager, lawyer, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

## Amendments to the Prospectus

With effect from 30 September 2016 the Prospectus is amended as follows:

### Fund Names

The name of iShares Dow Jones Europe Sustainability Screened UCITS ETF shall be substituted with the following name throughout the Prospectus:

Current Fund Name	New Fund Name
iShares Dow Jones Europe Sustainability Screened UCITS ETF	iShares MSCI Europe SRI UCITS ETF

### Fund Descriptions

The name, investment objective, investment policy and benchmark index description for iShares Dow Jones Europe Sustainability Screened UCITS ETF shall be substituted with the following:

#### **iShares MSCI Europe SRI UCITS ETF**

##### Investment Objective

The investment objective of the Fund is to provide investors with a total return, taking into account both capital and income returns, which reflects the return of the MSCI Europe SRI Index.

##### Investment Policy

In order to achieve its investment objective, the investment policy of this Fund is to invest in a portfolio of equity securities that so far as possible and practicable consists of the component securities of the MSCI Europe SRI Index, this Fund's Benchmark Index. The Fund intends to use optimisation techniques in order to achieve a similar return to the Benchmark Index and it is therefore not expected that the Fund will hold each and every underlying constituent of the Benchmark Index at all times or hold them in the same proportion as their weightings in the Benchmark Index. The Fund may hold some securities which are not underlying constituents of the Benchmark Index where such securities provide similar performance (with matching risk profile) to certain securities that make up the Benchmark Index. However, from time to time the Fund may hold all constituents of the Benchmark Index.

The base currency of iShares MSCI Europe SRI UCITS ETF is Euro (€).

##### Benchmark Index

The MSCI Europe SRI Index aims to reflect the performance characteristics of a subset of equity securities within the MSCI Europe Index (the "Parent Index") which are issued by companies with higher environmental, social and governance ("ESG") ratings than other sector peers within the Parent Index, based on a series of exclusionary and ratings based criteria.

Firstly, companies which are identified by the index provider, Morgan Stanley Capital International Inc. ("MSCI"), as manufacturers or producers of controversial weapons, civilian firearms, nuclear power, or tobacco or which derive revenue from genetic modification of plants (except purely for research and development) are excluded. Companies which are identified by MSCI as engaging in the following activities are excluded if their revenues from such activities exceed the business involvement thresholds set by MSCI: alcohol producers, gambling operations or support, tobacco distributors, retailers and suppliers, civilian firearm retailers, suppliers to the nuclear industry and adult entertainment producers. This value based exclusion is reviewed on a quarterly basis.

The remaining companies are rated by the index provider based on their ability to manage their ESG risks and opportunities and are given a MSCI ESG Intangible Value Assessment (IVA) rating which determines their eligibility for inclusion. Companies which are identified by MSCI as being involved in very serious controversies that have an ESG impact on their operations and/or products and services are excluded based on an impact monitor scoring system. Companies must have a minimum IVA rating and ESG Impact Monitor score set by MSCI to be considered eligible for inclusion as new constituents in the Benchmark Index at each rebalancing. Companies are also required to maintain a minimum ESG IVA rating and ESG Impact Monitor score (which are lower than the requirements for inclusion) to remain in the Benchmark Index at each rebalance. Companies whose IVA ratings drop below the minimum eligibility criteria required to remain in the Benchmark Index will be excluded from the Benchmark Index at the next rebalance. When ESG-related ratings of companies in the Benchmark Index are downgraded below the minimum eligibility criteria, the Fund may hold such securities until such time as the relevant securities cease to form part of the Benchmark Index and it is possible and practicable (in the Investment Manager's view) to liquidate the position. The minimum IVA ratings and ESG Impact Monitor scores set by the index provider can be found at the index provider's website set out below.

The Benchmark Index targets 25% cumulative coverage of the free float adjusted market capitalisation for each Global Industry Classification Standard ("GICS") sector within the Parent Index. This is achieved for each sector by ranking the eligible companies in each sector by each company's IVA rating and then in order of their free float market capitalisation (both from highest to lowest). Eligible companies from each sector are then included in the Benchmark Index in the order of such rankings and weighted based on their free float adjusted market capitalisation, until either the 25% target cumulative sector coverage has been met or there are no more eligible companies to include from that sector. In the event that there are insufficient eligible companies within a sector, the cumulative target sector coverage for that sector will not be met. Eligible companies may continue to be retained in the Benchmark Index to preserve index stability and reduce turnover even if this results in a cumulative sector coverage that is higher than the 25% target.

The Parent Index measures the performance of large and mid capitalisation stocks across the European markets which comply with MSCI's size, liquidity and free-float criteria. Companies are included in the Parent Index based on the proportion of their shares in issue that are available for purchase by international investors. Due to the ESG criteria being applied to the Parent Index to determine eligibility for inclusion in the Benchmark Index, the Benchmark Index will comprise a smaller number of securities compared to the Parent Index and such securities are likely to have different GICS sector weightings and factor weightings compared to the Parent Index. The Benchmark Index will therefore have a different performance and risk profile to the Parent Index.

The Benchmark Index rebalances on a quarterly basis to take into account changes to the Parent Index in addition to applying the ratings described above. The companies are however assessed for excluded activities and ESG ratings on an annual basis. Further details regarding the Benchmark Index (including its constituents) IVA ratings, ESG import monitor scores and ESG screening criteria are available on the index provider's website at <http://www.msci.com/products/indices/licensing/constituents.html>.

#### **Fund Expenses**

The contents of the table in the section entitled "Fund Expenses" relating to the Fund below which appear as follows:

<b>Fund</b>	<b>TER</b>
iShares Dow Jones Europe Sustainability Screened UCITS ETF	0.45%

shall be substituted with the following:

<b>Fund</b>	<b>TER</b>
iShares MSCI Europe SRI UCITS ETF	0.30%

#### **Benchmark Index Disclaimers**

The benchmark index disclaimer relating to the S&P Dow Jones Indices shall be updated to remove reference to iShares MSCI Europe SRI UCITS ETF in the definition of "Funds" at the beginning of the disclaimer and the benchmark index disclaimer relating to MSCI indices shall be updated to include reference to iShares MSCI Europe SRI UCITS ETF in the definition of "Funds" at the beginning of the disclaimer.

The Prospectus shall otherwise remain unamended and in full force and effect.

Date: 30 September 2016